

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 NEAE-00 SSO-00 NSCE-00 EB-07 COME-00

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FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC IMMEDIATE 443

INFO AMEMBASSY CAIRO IMMEDIATE

SECSTREASURY WASHDC IMMEDIATE

C O N F I D E N T I A L TEL AVIV 1582

CAIRO PASS SECRETARY SIMON

E.O. 11652: GDS

TAGS: OVIP (SIMON, WILLIAM EM), IS

SUBJECT: SECRETARY SIMON'S VISIT

1. SECRETARY SIMON HAS COMPLETED HIGHLY SUCCESSFUL VISIT TO ISRAEL (MARCH 1-3) WHERE HE CO-CHAIRLED WITH FINANCE MINISTER RABINOWITZ SECOND FORMAL MEETING OF THE US/ISRAEL JOINT COMMITTEE FOR INVESTMENT AND TRADE. HE HAD WORKING LUNCH WITH PRIME MINISTER RABIN AND SEPARATE MEETINGS WITH MINISTER OF COMMERCE AND INDUSTRY BAR-LEV AND DEFENSE MINISTER PERES. SECRETARY ALSO APPEARED ON TELEVISION MEET-THE-PRESS TYPE PROGRAM, DELIVERED SPEECH AT TEL AVIV UNIVERSITY AFTER RECEIVING HONORARY DOCTORATE DEGREE, AND HELD BRIEF PRESS CONFERENCE AFTER SIGNING CEREMONY. PUBLIC APPEARANCES RECEIVED VERY FAVORABLE COMMENT.

2. MAJOR ACCOMPLISHMENTS OF THE JOINT COMMITTEE WERE SIGNATURE OF JOINT STATEMENT SETTING FORTH ACHIEVEMENTS TO DATE AND SIGNATURE OF AGREEMENT ESTABLISHING ISRAEL/US INDUSTRIAL RESEARCH AND DEVELOPMENT FOUNDATION. SUBJECTS DISCUSSED INCLUDED EXPANSION OF TRADE, DOD AND AID OFFSHORE PROCUREMENT, OPIC PROGRAMS, ARAB BOYCOTT, INVEST-
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MENT POSSIBILITIES, AND JOINT BUSINESS COUNCIL.

3. AT LUCH WITH THE PRIME MINISTER, WHICH WAS ATTENDED BY SEVERAL KEY MEMBERS OF CABINET, HISTADRUT HEAD MESHEL, (CURIOSLY) ABBA EBAN, AMONG OTHERS, RABIN SEEMED COMPOSED AND, JUDGING BY HIS COMPORTMENT AND REMARKS, REMAINS CONFIDENT OF HIS FUTURE. IN FACT, IN AN ASIDE TO AMBASSADOR, RABIN SAID CURRENT POLITICAL TEMPEST WAS ARTIFICALLY STIMULATED BY PRESS--"NO FRIEND OF MINE" AND "IMAGE-SEEKERS", NEITHER OF WHOM WOULD HAVE ANY REAL IMPACT ON POLITICAL PROCESS. SECRETARY AND MR. SEIDMAN BEGAN BY CONVEYING GREETINGS FROM THE PRESIDENT AND REITERATING US COMMITMENT TO CONTINUED EFFORTS FOR PEACE IN THE MIDDLE EAST AND TO THE PRESERVATION OF ISRAEL'S INDEPENDENCE AND SECURITY. SECRETARY STRESSED HIS CONVICTION THAT WORK BEING DONE IN ECONOMIC AND COMMERCIAL AREA CONTRIBUTES SIGNIFICANTLY TO BOTH GOALS. SECRETARY THEN REVIEWED FOR PRIME MINISTER CURRENT DEVELOPMENTS AND TRENDS IN US ECONOMY. HE SAID THAT ECONOMY IS NOW WELL INTO CYCLICAL EXPANSION PHASE WHICH IS EXPECTED TO CONTINUE THIS YEAR AND ON INTO NEXT. US IS PURSUING FAIRLY MODERATE POLICY COURSE IN ORDER TO ENCOURAGE STRONG, SUSTAINABLE GROWTH. PRIME MINISTER EXPRESSED APPRECIATION FOR US ASSISTANCE TO ISRAEL AND STRESSED IMPORTANCE OF STRONG US ECONOMY FOR ENTIRE FREE WORLD. HE PROMISED THAT ISRAEL WOULD DO WHAT IT COULD TO EXPAND TRADE AND INVESTMENT IN ORDER TO REDUCE ITS DEPENDENCE ON FOREIGN ASSISTANCE.

4. IN MEETING WITH PERES, DEF MINISTER AND HIS SENIOR GENERALS PROVIDED BRIEFING ON CURRENT MILITARY SITUATION IN AREA INCLUDING BRIEF REPORT ON ARAB FORCE LEVELS AND AMOUNTS OF SOVIET ASSISTANCE. WHILE NEITHER PERES NOR OTHER MINISTERS MADE MORE THAN PASSING REFERENCE TO PENDING FY 76 AND FY 77 AID REQUESTS, THEY ALL STRESSED NECESSITY OF CONTINUED US ASSISTANCE. PERES NOTED THAT JUST TWO WEAPONS SYSTEMS FROM US, I.E., FOUR HAWKEYE RECON PLANES AND 25 F-15 FIGHTERS, WOULD COST \$845 MILLION, THAT IS, "ALMOST \$1 BILLION". ON QUESTION OF FURTHER TERRITORIAL CONCESSIONS, PERES TOOK HIS CUSTOMARY HARD LINE. HE THOUGHT THAT SINCE "ISRAEL IS SMALL, IT MUST BE DETERMINED AND MAKE ITS POSITION VERY CLEAR". FOR REAL PEACE, ISRAEL

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COULD RELINQUISH MOST OF SINAI AND PART OF GOLAN. THE WEST BANK, HOWEVER, WAS MUCH MORE DIFFICULT AND ISRAEL MUST "LOOK FOR A POLITICAL SOLUTION WHICH PROTECTS ITS ESSENTIAL SECURITY". HE SAID THAT ISRAEL POSSESSES "A TECHNICAL INFRASTRUCTURE WHICH WILL CONTINUE TO PROVIDE A MARGIN OF QUALITATIVE SUPERIORITY VIS-A-VIS ITS NEIGHBORS". ISRAEL THUS WILL CONTINUE TO BE ABLE TO DEAL WITH EXTERNAL THREATS, PROVIDED IT RECEIVES ADEQUATE US ARMAMENTS AND

FINANCING. SECRETARY REPLIED THAT WHILE THERE WAS NO QUESTION OF CONTINUED US SUPPORT FOR ISRAEL, HE HAD SERIOUS DOUBTS THAT WE COULD SUSTAIN CURRENT LEVELS OF ASSISTANCE INDEFINITELY. US RESOURCES ARE NOT UNLIMITED AND THERE IS NOW LESS SUPPORT FOR FOREIGN AID ON PART OF BOTH US CONGRESS AND PUBLIC.

5. THE ARAB BOYCOTT WAS RAISED BY ISRAELIS IN VIRTUALLY EVERY DISCUSSION. ILLUSTRATIVE OF THEIR EXTREME SENSITIVITY WAS COMMENT BY KNESSET SPEAKER YESHAYAHU WHO, AFTER RECALLING HIS CHILDHOOD IN THE YEMEN, STATED THAT BOYCOTT WAS "A DEEPLY INGRAINED DISEASE" AND THAT IT WOULD BE DIFFICULT TO MAKE PROGRESS TOWARD PEACE SO LONG AS NO EFFECTIVE COUNTER COULD BE DEVELOPED. SECRETARY ON EACH OCCASION REAFFIRMED US POLICY OF OPPOSITION TO RESTRICTIVE TRADE PRACTICES OR BOYCOTTS IMPOSED AGAINST COUNTRIES FRIENDLY TO THE US. HE CITED THE MANY STEPS TAKEN BY THE US AGAINST THE BOYCOTT, INCLUDING THE PRESIDENT'S DIRECTIVES OF LAST NOVEMBER. HE NOTED, HOWEVER, THAT WHILE THE US WILL CONTINUE STRENUOUSLY TO OPPOSE THE BOYCOTT, HE WAS FIRMLY OF THE OPINION THAT ONLY SUBSTANTIAL PROGRESS TOWARD PEACE IN THIS AREA COULD CREATE CONDITIONS NECESSARY TO BRING THE BOYCOTT TO AN END.

6. NOTE: THIS MESSAGE HAS NOT BEEN CLEARED BY SECRETARY'S PARTY.
TOON

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